



District of Columbia Fiscal Year 2015 Year-End Unified Economic Development Budget Report

Office of the Chief Financial Officer
Office of Economic Development Finance

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- ▶ The Report provides data on FY 2015 economic development dollars by:
 - type of incentive
 - granting body/agency
 - the District's eight wards
 - recipient
- ▶ The report includes construction projects for DC Public Schools and DC Public Libraries.
- ▶ The Unified Economic Development Budget Transparency and Accountability Act of 2010 mandated information on incentives including:
 - TIF & PILOT bonds
 - revenue bonds
 - grants
 - tax abatements and exemptions
 - tax credits
 - contracts for services (e.g., construction, reports, etc.)



Findings by Type of Incentive

- ▶ The District spent \$625M on economic development incentives in FY 2015.
- ▶ In addition, the report tallies almost \$1.2B of new incentives that did not impact the District FY 2015 budget.

	Aggregate Expenses	Activity not Impacting the FY 2015 Budget	Number of Companies/ Individuals
Total (<i>in millions</i>)	\$625	\$1,190	1,183 ¹
Expenditures on Contracts	401		99
Grants	44		133
Land Price Subsidies ²	0		0
Payment in Lieu of Taxes (PILOT) Financing	14	180	7
Revenue Bonds	89 ³	909 ⁴	28
Tax Abatements and Exemptions	30	98 ⁵	841
Tax Credits	28	3	142
Tax Increment Financing (TIF)	18		11

Notes

1. Because some recipients received more than one type of incentive, the total is fewer than the sum of column.
2. The Office of the Deputy Mayor for Planning and Economic Development (DMPED) reports no land dispositions in FY 2015.
3. Revenue bond debt service includes Ballpark, Convention Center, and Housing Production Trust Fund bonds.
4. These revenue bonds were issued under the DMPED Revenue Bond Program or by the DC Housing Finance Agency; debt service for these bonds will be outside of the District budget.
5. These amounts represent the total expected foregone revenue of future years' budgets.



Findings in Comparison to FY14

- ▶ Total spending on economic development incentives in FY 2015 was essentially unchanged, decreasing by approximately 1% over the prior fiscal year. Decreased debt service obligations for TIF projects represented the largest change. There were significant increases in Tax Credits, Revenue Bond debt service, and Grants.
- ▶ For activity not impacting the FY 2015 budget, incentives rose by 162%. Additional issuances under the Revenue Bond Program accounted for most of the increase. Other significant activity included \$180m issued in PILOT bonds, and \$98 m in future tax abatements.

Change in Economic Development Incentives: FY15 vs. FY14

% INCREASE (DECREASE)		FY15	FY14
(1%)	Total Expenses	\$625,070,830	\$633,875,872
(2%)	Expenditures on Contracts	401,431,059	411,257,885
23%	Grants	43,976,217	35,865,770
N/A	Land Price Subsidies	0	0
8%	Payment In Lieu Of Taxes (PILOT) Debt Service	14,299,960	13,266,036
24%	Revenue Bonds Debt Service	89,442,906	72,380,841
10%	Tax Abatements & Exemptions	30,049,563	27,441,443
52%	Tax Credits	28,050,770	18,469,292
(68%)	Tax Increment Financing (TIF) Debt Service	17,820,355	55,194,605
162%	Activity Not Impacting the Current Budget	\$1,190,415,688	\$455,045,376
N/A	New Markets Tax Credit Investment	3,003,000	0
N/A	PILOT Financing Issuance	180,245,000	0
129%	Revenue Bonds Issuance	908,833,392	396,649,000
N/A	Tax Increment Financing (TIF) Issuance	0	0
68%	Future Tax Abatements & Exemptions Enacted	98,334,296	58,396,376

Findings by Granting Body/Agency

- ▶ The District of Columbia Public Schools spent \$339M on contracts to modernize various schools throughout the District, this represented 54% of the FY2015 total expenses.

Aggregate Economic Development Dollars by Granting Body/Agency

in millions

	None ¹	DCHFA	DCPL	DCPS	DHCD	DMPED	DOES	DSLBD	DGS	DCHE	Misc. Funds
Total Expenses	\$58.1	\$0.0	\$12.9	\$339.5	\$28.7	\$33.8	\$2.9	\$2.6	\$25.2		\$121.6
Expenditures on Contracts			12.9	339.5	3.2	20.7			25.2		
Grants					25.5	13.0	2.9	2.6			
Land Price Subsidies											
PILOT Debt Service											14.3
Revenue Bonds Debt Service ²											89.4
Tax Abatements & Exemptions	30.0										
Tax Credits ³	28.1										
TIF Debt Service											17.8

Agency Key

None

DCHFA - District of Columbia Housing Finance Agency

DCPL - District of Columbia Public Libraries

DCPS - District of Columbia Public Schools

DHCD - Department of Housing and Community Development

DMPED - Office of the Deputy Mayor for Planning and Economic Development

DOES - Department of Employment Services

- DSLBD - Department of Small and Local Business Development

DGS - Department of General Services

DCHE - District of Columbia Housing Enterprises

DISB - Department of Insurance, Securities, and Banking

Misc. Funds - Tax transfer agencies in the District's budget

Notes

1. Tax Expenditure (credits, exemptions, and abatements) which impact the budget as revenue reductions, are not attributed to any agency in this Report

2. Includes Ballpark, Convention Center, and Housing Production Trust Fund bonds

3. Estimate of total foregone tax revenue (includes QHTC, DCHE, and DISB tax credit recipients)

- ▶ The Office of the Deputy Mayor for Planning and Economic Development approved \$737M of new revenue bond issuances.
- ▶ Two PILOT bonds totaling \$180M for DMPED projects were issued to support infrastructure in developments along the District's waterfront.

Aggregate Economic Development Activity Not Impacting the FY15 Budget by Granting Body/Agency

in millions

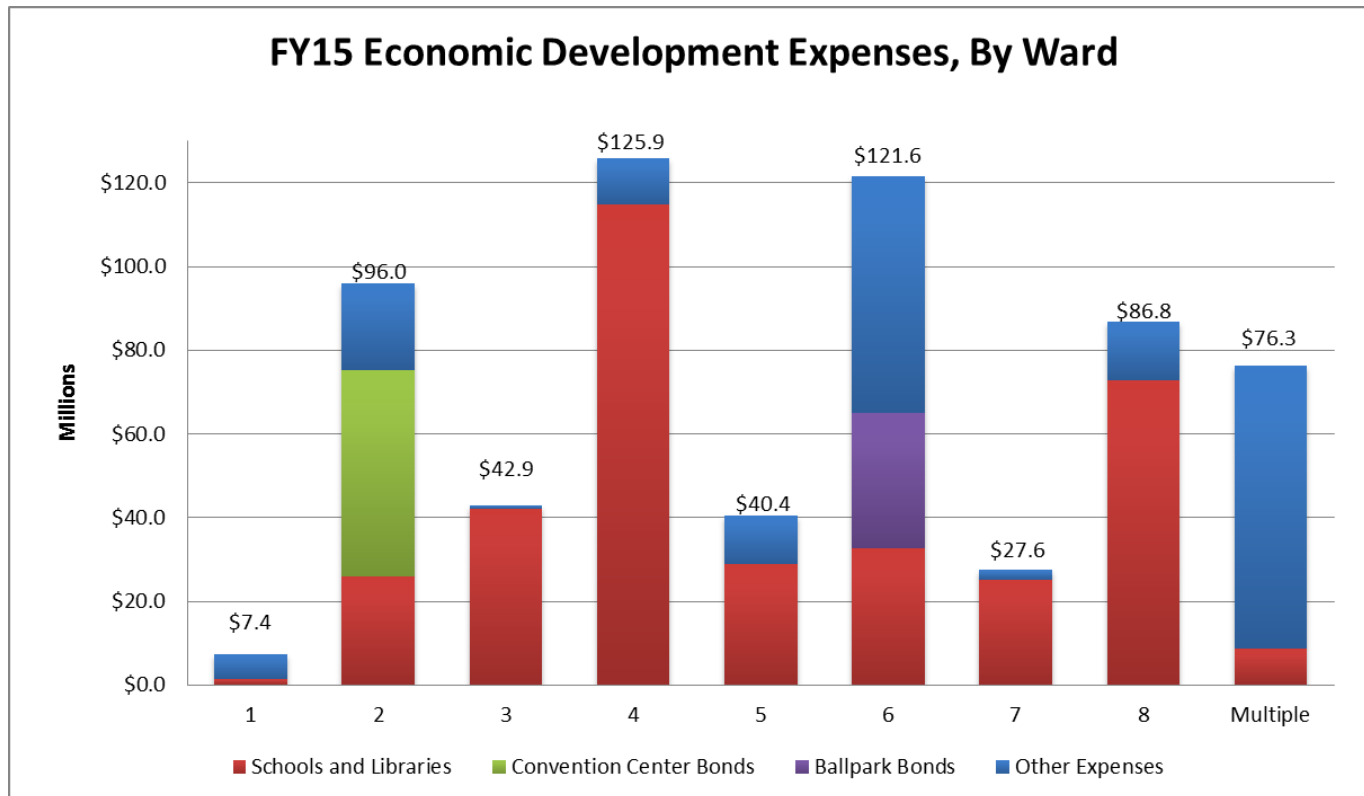
Total		None	DCHE	DCHFA	DMPED
\$1,190	Total Activity Not Impacting the FY15 Budget	\$98	\$3	\$171	\$918
\$3	New Markets Tax Credit Investment		\$3		
\$909	Revenue Bonds Issuance ¹			\$171	\$737
\$0	TIF Issuance				
\$98	Future Tax Abatements & Exemptions ²	\$98			
\$180	PILOT Issuance				\$180

Notes

1. Such revenue bonds are not repaid from the District's budget.
2. Estimated foregone revenue over the term of the abatement.

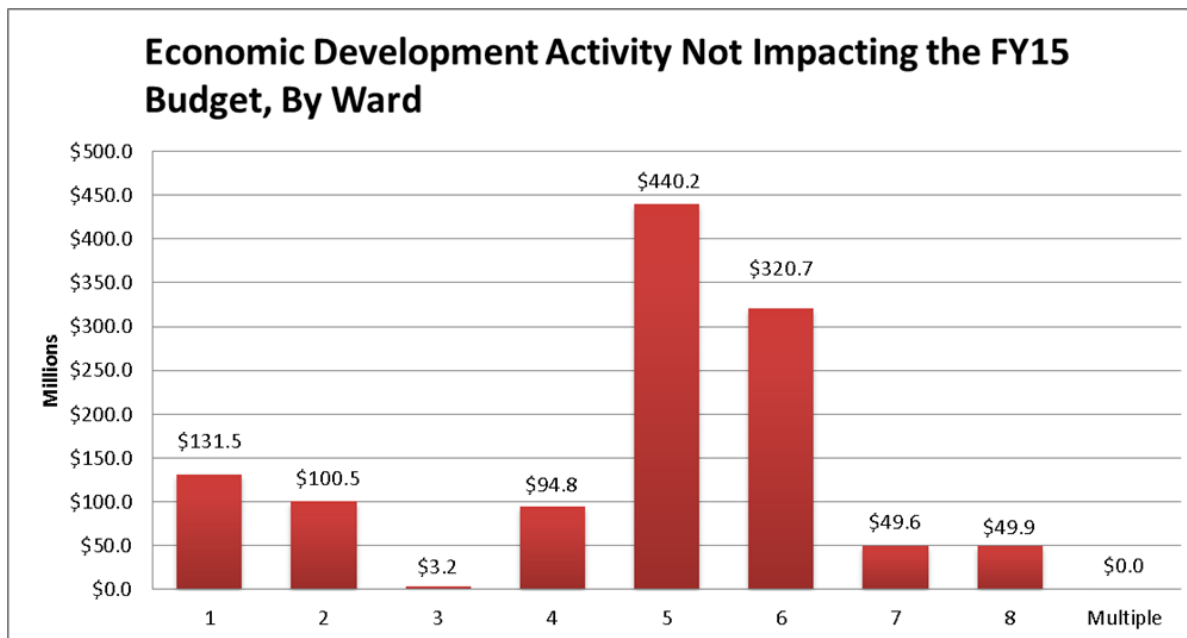


- ▶ The highest levels of economic development spending occurred for projects located in Wards 2, 4, and 6.
- ▶ In Ward 4, much of this spending was attributable to expenditures on contracts. The largest contract expenditure in this Ward was designated for Roosevelt High School modernization and renovation (\$85 million).





- ▶ The chart below summarizes FY 2015 non-expense activity.
- ▶ DMPED revenue bond issuances represented a majority of the activity in Wards 1 and 5. In Ward 1, \$118 million was issued for American University. In Ward 5, \$373 million was issued for the Children's National Medical Center.
- ▶ Ward 6 activities included \$145 million PILOT bond for the Wharf Project and \$76 million in future tax abatements for the DC United Soccer Stadium.





Largest Expenditures by Ward

- ▶ Ward 1: \$1.3 million for modernization/renovation of Bancroft Elementary School.
- ▶ Ward 2: \$49 million for debt service on Events DC Bonds (formerly Washington Convention Center and Sports Authority) which supported the Convention Center and the Convention Center Hotel developments.
- ▶ Ward 3: \$17 million for the modernization/renovation of Hearst Elementary School.
- ▶ Ward 4: \$85 million for modernization/renovation of Roosevelt High School.
- ▶ Ward 5: \$11.5 million for the modernization of Brookland Middle School.
- ▶ Ward 6: \$32 million for debt service for Nationals Park Ballpark Revenue Bonds.
- ▶ Ward 7: \$22 million for the modernization of the River Terrace Special Education Center.
- ▶ Ward 8: \$35 million for the modernization/renovation of Ballou High School.



- ▶ Economic development incentives were received by almost 1200 separate entities and individuals.
- ▶ Contracts for services went to 99 entities. The largest expenditures were:
 - \$85 million to Smoot/Gilbane, a Joint Venture, for construction at Roosevelt High School (Ward 4)
 - \$35 million to Chiaramonte-Hess, a Joint Venture, for construction at Ballou High School (Ward 8)
 - \$22 million to GSC, Inc., for construction at River Terrace Special Education Center (Ward 7)
- ▶ The District provided grants to 133 recipients. The largest grants were:
 - \$6.75 million to the Georgia Avenue Redevelopment Limited Partnership to support the Juniper Courts affordable housing project (Ward 4)
 - \$5 million to The Washington Humane Society (multiple wards)
 - \$2.1 million to the Takoma Spring Place Limited Partnership, to support the Spring Place affordable housing project (Ward 4)
- ▶ The District paid TIF & PILOT debt service to bondholders for 16 projects. The largest was \$10.6 million for the US DOT/Waterfront Park Projects (Ward 6)



- ▶ The District paid revenue bond debt service of \$49M for the Events DC Bonds (Ward 2) and \$32M for Nationals Stadium (Ward 6).
- ▶ The District granted tax abatements & exemptions in FY2015 to 841 properties (including individual condominiums). The largest were:
 - \$4.9 million to The Freedom Forum Inc. (Ward 2)
 - \$1.8 million to 151 Q Street Residential LLC (Ward 5)
 - \$1.8 million to The Urban Institute (Ward 2)
- ▶ The Council provided an estimated \$76m in future tax abatements for DC Stadium, LLC for the new DC United soccer stadium development.
- ▶ \$28 million in tax credits went to 141 entities claiming Qualified High Technology Credits.
- ▶ The largest activity outside of the FY15 budget was:
 - \$373 million Revenue Bond issuance to Children's National Medical Center (Ward 5)
 - \$145 million PILOT bond issuance supporting the Wharf Development (Ward 6)
 - \$118 million Revenue Bond issuance to American University (Ward 1)



- ▶ The complete Report can be accessed at:

<http://cfo.dc.gov/node/230922>